

**2013 Exeter Town Budget Request
September 20, 2012**

To the Board of Selectmen and Budget Recommendations Committee,

Attached you will find the Town of Exeter preliminary budget request for the Fiscal Year 2013. The fiscal year begins on January 1, 2013 and ends December 31, 2013. I would like to acknowledge the efforts of all Town Departments, in particular, the Finance Department, for coordinating this initial budget request. This request should be seen as a starting point in the 2013 budget process, which will include a recommendation from the Budget Recommendations Committee, meetings with Town Departments, and ultimately a final recommendation from the Board of Selectmen to the voters.

The total general fund budget request is \$16,930,042, an increase of 4.95%, or \$798,418, over the FY12 budget. Of the additional \$798,418, a total of \$425,115 is attributable to two items: health insurance costs projected at a 12.0% increase over FY12 (\$280,214) and increased retirement costs beginning July 1, 2013 (6 month impact is \$144,901). The increased benefit costs represent 2.64% of the total 4.95% increase. A more favorable health insurance rating in October, 2012, will move the budgeted number for health insurance in 2013. This budget request also includes several items identified in the budget initiatives section of this document. The Board of Selectmen indicated during their May, 2012 goal setting session that the operating budget would be a main focus during the 2012-2013 process. Given that direction, departments have reviewed their areas of operation and have brought forth several proposals described herein.

The total water fund budget request is \$2,502,720, an increase of 7.62%, or \$177,205, over FY12. The total sewer fund budget request is \$2,542,269, a 37.18%, or \$689,052 increase over FY12. Both water and sewer funds receive all revenues through water and sewer rates, not the property tax. There are several items for consideration in the water/sewer budgets for 2013, including several capital projects, and two additional personnel requests (net one additional with the proposed elimination of a part-time meter reader position).

In addition to the above, five non-bond issue warrant articles are itemized for discussion. The total amount of these warrant articles is \$561,700. They include: \$61,700 for human service agencies (customary article), \$250,000 for paving town roads, \$150,000 for the design of the Linden/Court Street culverts, \$30,000 for the Raynes Barn roof and silo connector work, and \$70,000 to fund a first year payment for a new vactor truck to be used by the sewer department. Additional CIP items have been deferred in the request including the \$40,000 to paint the Parks/Recreation building, and \$110,957 for boiler replacements in the public safety building. In the 2012 warrant article process, the Town approved a total of \$635,300 in general fund warrant articles, with \$49,000 of this amount funded from surplus to pay for the former Getty property.

As mentioned in prior meetings, there are also three bond issues contemplated for 2013: a second fire station/substation (\$2.5m), replacement of the water/sewer line on Portsmouth Avenue (\$1.12m), and a new ladder truck for the Fire Department (880K).

Revenues

Budgeted revenues are expected to remain somewhat flat in 2013. The town operates with limited revenue sources other than property taxes. The revised MS4 submitted in September, 2012 anticipates \$4,762,889 in revenues including \$299,000 in available general fund balance to offset the 2012 tax rate. In the 2013 budget, revenues are forecast at \$4,567,026. Three categories of revenue continue to decline: meals and rooms tax distribution, highway aid, and income from departments. The income from departments line has been dropped from \$969,058 to \$900,000, primarily to acknowledge the first year payment of the ambulance out of the EMS fund in 2013. Building this payment into the EMS revolving fund budget will mean less revenue to return to the general fund.

Budget Overview

The budget is the financial work plan for all Town departments. It contains the means, methods, and funding for all Town operations throughout the year. The Town has several operating departments. The three largest functions within the Town budget continue to be Police, Fire/EMS, and Public Works. These three functions alone make up 69.18% of the Town's general fund operating budget in 2013.

The Town's executive functions are administered by the Board of Selectmen and the Town Manager's Office. In addition the Town Manager's Office provides support to the Economic Development Commission, Arts Committee, Council on Aging, Budget Recommendations Committee, and Water/Sewer Advisory Committee. Other administrative support to Town Departments is provided through the Human Resources, Information Technology, and Finance functions. Financial operations in addition to Finance (which primarily handles budget administration, payroll, accounts payable, and cash management, includes the Tax/Water/Sewer Collections Office, and the Assessing Office. The Town Clerk's Office provides motor vehicle registration, vital records research, records retention, town meeting, and voting coordination and oversight for the community.

Land use, including regulation, code enforcement, and planning, is administered through the Planning and Building Office. This office also supports several volunteer boards, committees and commissions in their statutory missions including the Zoning Board of Adjustment, Planning Board, Conservation Commission, Historic District Commission, and Heritage Commission.

The Exeter Police Department provides service 24 hours per day, seven days per week. Fire and EMS services (to the paramedic level) are also provided 24/7 by four shifts of 6 Firefighter/EMT's per shift. The Police Department budget contains the Animal Control function and the Dispatch operations, which also run 24/7, 365 days per year. One dispatch position is funded through the EMS (ambulance) revolving fund. The Town is staffed using full time and part time dispatchers. The Fire Department, in addition to providing EMS services to the paramedic level, provides Town's health and emergency management functions. The public safety complex on Court Street, built in 1979, houses the Town's current Emergency Operations Center (EOC). Emergency Management is an active function in Exeter due to the makeup of the community (rural and urban areas) and the impacts felt during major events. The Town's health department provides support to several activities including mosquito control, regional health planning, and sanitary code enforcement.

The Public Works functions of Administration/Engineering, Highway, Maintenance, Solid Waste, Snow Removal, and Street Lights are all part of the general fund budget. DPW also supports a full water and sewer department, which manages the public water supply and distribution systems, and the Town's wastewater treatment and collection system.

The Town administers a welfare system as required by state law. The Department has a part time Welfare Director, and is indirectly supported by the Town Manager's assistant and the Human Resources Director. The Town Manager's assistant also coordinates the human service grant application process, by which several agencies each year submit directly to the Town government for funding. These requests are reviewed annually by the Budget Recommendations Committee.

The Town's Parks/Recreation Department, located at 32 Court Street, provides a full range of recreation programs. The Department also manages its properties and maintains the Town's parks. Periodically the Department provides cemetery support when needed, and is active at overseeing the Senior Center and its activities. In recent years, the Parks/Recreation Department has made extensive use of their revolving fund to support programs and services, while their portion of the general fund budget has decreased.

The Exeter Public Library is open year round, and is located on Chestnut Street. The Department has submitted a budget increase for 2013 of 4.37%. The Public Library serves the general public and has a series of educational and reading programs for all ages. The library serves as a cornerstone of the community in its location at Founders Park.

FY2013 Budget Notes

There are several items worth noting that are part of the 2013 budget dynamic. These include:

Wages. Open collective bargaining agreements (DPW/SEIU, Fire Association). The current Fire Agreement expires December 31, 2012. The current DPW/SEIU agreement expired December 31, 2010. The Town will be bargaining throughout the Fall of 2012 with these two units which represent a large portion of the Town's employee base. Any settlements with these units would need to be funded through separate warrant articles on the March, 2013 Town Warrant above the base budget request. Other wages have been included in the 2013 budget as follows: non-union COLA, 2.43%. This matches the last Fire COLA granted on July 1, 2012, which reflected the 10-year rolling average of the CPI (consumer price index). Police Association members are budgeted at a 3.0% COLA effective January 1, 2013 via their last settled agreement. The Police contract expires December 31, 2013. The Police Association contribution to health insurance will also rise to 12% on January 1, 2013.

Benefits.

Health insurance rates will be delivered to the Town on October 12, 2012 for Fiscal Year 2013. For the purposes of this preliminary budget a 12.0% increase in health insurance premiums is planned for 2013, reflecting the ongoing, increasing cost of health insurance. The 12.0% increase represents a \$280,214 portion of the requested general fund budget increase for 2013.

Retirement costs. The Town recently received its new retirement rates for Group I and II employees. These new rates represent a significant increase from those enacted in 2011 under retirement reform. Police rates will climb from 19.95% to 25.30%, a 26.8% increase. Fire rates will climb from 22.89% to 27.74%, a 21.2% increase. The Group I rates will climb from 8.80% under retirement reform to 10.77%, a 22.4% increase in these rates. The *six month* impact on the budget of these increases is \$144,901.

General Expenses. The Town has sought to hold the line on expense budgets in recent years by looking at other areas of the budget for potential savings. This has resulted in favorable electricity contracts, natural gas contracts, and solid waste disposal contracts. However, as upward pressures continue on other budgeted items, such as gasoline, the cost of paper, postage, and the cost of various contracted services, budgets are still feeling this pinch. Therefore, certain supply line items and postage accounts have been increased to reflect either increased activity, inflation, or both.

2013 Budget Initiatives

Departments were asked to review their current operations and provide requests based on areas that were designed to enhance their operations for public benefit, address inflationary pressures, and increase quality of service. Several requests are therefore contained in the 2013 budget for review and consideration by the Budget Recommendations Committee and Board of Selectmen. These include:

- Additional hours for the Town Manager's Office. The proposed budget includes adding 6 hours per week to the Administrative Assistant position to provide coverage throughout the day five days per week. The position is now backing up both Welfare and Human Resources and performing various administrative and customer service functions, as well as serving as the building's point person for ordering supplies, facilitating day to day building issues, and maintaining all board and town manager business. The position is also now coordinating the annual town report, scheduling of recording secretaries, and coordinating permits, along with other committee activities.
- Additional hours for the Deputy Town Clerk. The proposed budget increases this position from 34 to 40 hours per week. The position was recently hired and filled by a Town resident. A full-time deputy town clerk will allow the office to fully implement a third service window and add evening hours for enhanced service to residents.
- Vital records binding funds are included in the Town Clerk's budget request. This is the first time a request has come forward for this item in several years. This was an initiative in prior years through the Town Clerk's Office but was dropped due to budget constraints.
- The Town Clerk is proposing to enhance revenue through adopting a civil forfeiture system similar to the Town of Hampton. This would increase revenues generated through fines approximately \$10,000 in 2013 if fully implemented.
- The IT budget is carrying funds to update the GIS needs assessment from 2000. The Town has had a user group meeting on a regular basis and has identified several GIS issues that involve more effectively integrating the tax maps, day-to-day maps, DPW utility layers, etc.. A consultant would be hired under this program to update the needs assessment and make recommendations for more effective integration of the current system.

- The IT Department is budgeting funds to update the Town's voice mail and auto attendant. This will be a onetime expense and improve customer service as well as our voice mail system.
- The IT budget is carrying ongoing costs related to the recent upgrade of the Town's website, which is scheduled to be online by the end of September, 2012.
- The Finance budget includes funds for implementing credit and debit card acceptance in 2013. The funds are included in the Finance budget as they would be making the necessary arrangements through Munismart and the Town's current financial institutions. The initial office to focus on will be the Town Clerk.
- A \$1,000 stipend has been requested for a Deputy Treasurer. This position would support the Town Treasurer, a part-time, elected position. It would perform the same duties as the Treasurer under the New Hampshire RSAs.
- The board of selectmen budget is carrying funds related to tax deeded properties, such as mobile home demolition. In addition, legal fees have been increased relating to tax deeded properties. There is often a lengthy legal process once a property has been taken for taxes.
- The Building Inspector budget is carrying a new \$1,000 line item for vehicle maintenance to reflect work done on the vehicle assigned to that department.
- The Planning Department has requested upgrading the current copier to a color copier to meet printing and copying needs. The money budgeted is the difference between the current black and white copier and the color copier requested. The copier is located in the Planning Department on the second floor of the Town Office building and serves as the main copier for all departments on the second floor (Town Manager, Human Services, Human Resources, and Planning).
- The Planning Department has requested funds for a form based code analysis of Portsmouth Avenue (\$8,000) and noise consulting related to the Sportsmen's Club activities (\$12,000). The form based code evaluation may lead to zoning changes on Portsmouth Avenue being proposed to encourage development. The noise consulting is related to the barrier being proposed for the ESC property, and the need to have ongoing, independent noise testing of the grounds.
- The Police Department has requested the motorcycle to be added to the patrol function as they did last year.
- The Police Department is seeking reinstatement of the detective cut from the 2012 budget for six months (funding to begin July, 2013).
- The Police Department through the Communications budget is requesting the purchase a "code red" type system of reverse 9-1-1 for notifying the public regarding community emergencies, road closures, snow related emergencies, etc. The budget is carrying \$8500 for this purpose.
- The Fire Department emergency management program is requesting \$16,000 for an emergency lighting system to be used during night work and emergencies. The system would be shared amongst Town departments depending on the situation (flooding, night work, etc.).
- The Fire Department is proposing changing the current cell phone system to a flat \$32 per month reimbursement rate for Fire Department employees that carry phones. The Town is currently funding these plans in their entirety. A change in this manner would result in a budgetary savings.

- The Fire Department has increased the mosquito control budget by \$5,000 to fund additional barrier spraying. This is in the health budget.
- The DPW Administration budget is requesting funds for additional in-house engineering support, to assist with multiple capital projects in the general, water and sewer areas. This FT position would report to the Town Engineer. The Town has a full ongoing capital projects program underway that requires a new level of support within the department. The Board of Selectmen eliminated a position from the Highway Department during the 2012 budget process with the support of the Budget Recommendations Committee.
- The DPW Highway budget is carrying \$600,000 for budgeted paving funds in the operating budget. Another \$250,000 is proposed as a separate warrant article in 2013, making the total paving request \$850,000.
- The DPW Maintenance projects list budget is requested at \$146,800 for 2013. This includes \$21,700 in deferred 2012 projects that were deferred to accommodate the 47 Front Street roof project overruns. The DPW Maintenance projects list includes money for redesign of the Town Office entryway to meet ADA requirements, painting the Town Hall auditorium, constructing a dormer and access second floor at the DPW building to store IT equipment (IT), design of a compliant rear staircase for the Town Hall, expanding the clerical office space at DPW, purchasing 4 key punch lockset doors for the Town Office (to enhance security due to key duplication), and expanding the Town Clerk service counter to meet the "3 window" service set up envisioned by the Town Clerk including evening hours.
- The DPW Maintenance budget has increased custodial supplies to \$13,500 to reflect inflation.
- The DPW Maintenance budget is now carrying \$5,000 for ongoing software maintenance related to the purchase of the new TMA system for work orders and DPW garage activities.
- The Parks/Recreation budget is carrying an additional \$1,000 in funds to purchase 3 bike racks to place around destination areas/public property.
- The Chamber of Commerce has requested the Town increase its donation to the annual Christmas Lights hanging and lighting by \$2100, from \$3900 to \$6000.
- The Debt Service budget includes first year payment of the Norris Brook culverts project, and the drainage portion of the Jady Hill capital water/sewer/drains project.
- The vehicle replacement budget includes the following vehicles: 2 cruisers plus 1 motorcycle for the Police Department (in lease budget), electrician van (\$22,600), 6 Wheel Dump Truck (\$132,109), Replacements for Cars #1 and #54 at DPW (\$17,875 each), Parks/Recreation Truck Replacement (\$25,500) and replacing the Fire Chief vehicle (\$17,875). These vehicles are all highlighted in the 2013-2018 CIP document.
- The Benefits and Taxes budget includes funds for the health insurance buyout program, unemployment, worker's compensation, and property/liability insurance. Primex is the current carrier for the Town's insurance other than health insurance, which is obtained through the Health Trust at LGC.

Water and Sewer Enterprise Budgets

- The Water/Sewer operations have requested 1 additional FT water/sewer system operator and 1 FT utilities clerk. If approved the PT meter reader position would be eliminated.
- DPW Water/Sewer has requested a GPS and plotter/scanner to scan maps and make them electronically available. Currently all maps are only manually available.
- DPW Water/Sewer has requested to set up an emergency fund for unforeseen repairs for water/sewer (such as the furnaces at the Water Treatment Plant in 2011, and manganese issues related to a pump failure in 2011).
- DPW Sewer has budgeted several capital projects to improve the system in 2013.
- DPW Water/Sewer has allocated funds for a note taker for Water/Sewer Committee meetings into the department budgets (water and sewer) for 2013. Currently the Town Manager's budget picks up this expense.
- DPW Sewer is budgeting funds for legal expenses and consulting services related to the EPA permit for wastewater and ongoing activities in that area.
- DPW Water/Sewer has requested a warrant article for replacement of the current sewer vector truck.

As always, these requests are meant to create a framework for a meaningful budget deliberation throughout the budget season. I would like to recognize the department efforts at putting forth meaningful requests for consideration in 2013.

Respectfully submitted,

Russell Dean
Town Manager